

AMENDED IN SENATE JUNE 19, 2015

AMENDED IN SENATE JUNE 8, 2015

AMENDED IN ASSEMBLY APRIL 20, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 1531

**Introduced by Committee on Environmental Safety and Toxic
Materials (Assembly Members Alejo (Chair), Gonzalez, McCarty,
and Ting)**

March 23, 2015

An act to amend Sections 6103.4 and 53082.5 of the Government Code, to amend Sections 116270, 116275, 116380, 116551, 116552, 116655, 116735, 116751, 116760.20, 116761.65, and 117125 of, to add Sections 116365.03, 116701, and 116760.38 to, ~~to repeal and add Section 116761.70 of,~~ and to repeal Sections 116293, 116365.5, and 116379 of, *and to repeal and add Section 116761.70 of,* the Health and Safety Code, and to amend Sections 13176, 13177, 13177.5, 13177.6, 13178, 13181, 13275, 13285, 13304.1, 13392, 13392.5, 13393.5, 13400, 13426, 13476, 13477.6, 13480, and 79702 of, and to repeal Section 13331.2 of, the Water Code, relating to water, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 1531, as amended, Committee on Environmental Safety and Toxic Materials. State Water Resources Control Board.

(1) Existing law, the California Safe Drinking Water Act (state act), requires the State Water Resources Control Board to administer provisions relating to the regulation of drinking water to protect public health. The state board's duties include, but are not limited to,

conducting research, studies, and demonstration programs relating to the provision of a dependable, safe supply of drinking water, enforcing the federal Safe Drinking Water Act (federal act), and adopting and enforcing regulations. Existing law requires the state board to appoint a deputy director to oversee the issuance and enforcement of public water system permits and delegates ~~certain~~ *certain* authorities of the state board to the deputy director.

This bill would authorize the state board to adopt as an emergency regulation, a regulation that meets, but does not exceed, the requirements of a regulation promulgated under the federal act, with a specified exception. The bill would require that these emergency regulations not be subject to review by the Office of Administrative Law and remain in effect until revised by the state board.

The state act prohibits the state board from issuing a permit to a public water system or amending a valid existing permit to allow the use of point-of-use treatment unless the state board determines that there is no community opposition to the installation of the treatment device. The act also limits the issuance of this permit to no more than 3 years or until funding for centralized treatment is available, whichever occurs first.

This bill would also prohibit the use of point-of-entry treatment absent that state board determination, and would delete the limits on the duration of these permits. Additionally, the bill would authorize the state board to adopt regulations, similar to those previously authorized for adoption by the State Department of Public Health, governing the use of point-of-entry and point-of-use treatment by a public water system with less than 200 service connections in lieu of centralized treatment where it can be demonstrated that centralized treatment is not immediately economically feasible.

The state act authorizes the deputy director to issue an order directing certain actions whenever the deputy director determines that a person has violated or is violating the act, or any permit, regulation, or standard issued or adopted pursuant to the act. The act authorizes an aggrieved party 30 days after service of a copy of the order or decision to file with the superior court a petition for a writ of mandate for review of the order or decision.

The bill would authorize, within 30 days of issuance of a certain order or decision issued by the deputy director, an aggrieved person to petition the state board for reconsideration and would authorize the state board to refuse to reconsider the order or decision, to deny the petition, or to

set aside or modify the order or decision, as specified. The bill would provide that the filing of a petition for reconsideration is an administrative remedy that must be exhausted before filing a petition for writ of mandate.

The state act authorizes the state board to take certain actions relating to the inspection of public water systems, including inspecting and copying any records, reports, test results, or other information required to carry out the provisions of the act. Existing law makes it a crime for any person to knowingly commit certain acts, including making a false statement or representation in any application, record, report, or other document submitted, maintained, or used for the purposes of compliance with the act or withholding information requested by the state board regarding imminent and substantial danger to the public health or safety, as specified.

This bill would ~~authorize the~~ *require an owner of a public water system to provide to the state board to issue an order to a public water system to provide* reports, test results, and certain other information ~~within a reasonable period specified in the order of not less than 15 business days.~~ *days of receiving a request for those records from a duly authorized representative of the state board.* To the extent that a person knowingly makes a false statement or representation when providing these reports, results, or information to the state board, this bill would expand the scope of a crime and thereby impose a state-mandated local program.

This bill would declare the intent of the Legislature that the state act be construed to ensure consistency with the requirements for states to obtain and maintain primary enforcement responsibility for public water systems under the federal act.

(2) Existing law generally grants various powers to cities, counties, and certain special districts, including the power to issue bonds and incur indebtedness for certain purposes and subject to certain restrictions. Existing law authorizes counties, cities, and special districts that provide or intend to provide wastewater treatment facilities or services, subject to applicable constitutional restrictions, to borrow money and incur indebtedness for purposes of the State Water Pollution Control Revolving Fund.

Existing law, the Safe Drinking Water State Revolving Fund Law of 1997, continuously appropriates state and federal funds in the Safe Drinking Water State Revolving Fund to the State Water Resources Control Board for grants or revolving fund loans for the design and

construction of projects for public water systems that will enable those systems to meet safe drinking water standards. The revolving fund law defines “public agency,” for purposes of the act, to mean a city, county, city and county, joint powers authority, or other political subdivision of the state, that owns or operates a public water system.

This bill would expand the definition of “public agency” to include a municipality, as defined in the federal act. The bill would extend the authorization to borrow money and incur indebtedness to cities, counties, and special districts that provide or intend to provide water treatment facilities or services and for purposes of the Safe Drinking Water State Revolving Fund or the California Safe Drinking Water Act.

The revolving fund law requires the state board to annually establish the interest rate for repayable financing made pursuant to these provisions, as specified. The revolving fund law authorizes the State Water Resources Control Board to undertake certain actions to implement the revolving fund law, including engaging in the transfer of capitalization grant funds, as specified. Existing law prohibits more than 4% of the capitalization grant from being used by the state board for administering the revolving fund law and authorizes the state board to establish a reasonable schedule for administrative fees to be paid by the grant applicant to reimburse the state for the costs of the administration of these provisions.

The bill would delete the requirement that the state board establish the interest rate annually and would instead authorize the state board to adjust the interest rate periodically. The bill would delete the prohibition against using more than 4% of the capitalization grant for administering the Safe Drinking Water Revolving Fund Law and would delete the authorization permitting the state board to establish a reasonable schedule for administrative fees. The bill would instead create the Safe Drinking Water State Revolving Fund Administrative Fund and would require moneys transferred to pay for the costs incurred by the state board for administering the act, moneys collected for financial assistance services, and interest earned upon these moneys to be deposited into the fund. The bill would authorize, where financial assistance is made and is to be repaid to the state board, the state board to assess an annual charge for financial assistance services, not to exceed 1% of the financial assistance balance. The bill would make moneys in the administration fund available to the state board, upon appropriation by the Legislation, for payment of reasonable costs of administering the fund. The bill would require the state board to set the total amount

of revenue that is collected each year though the annual charge for financial assistance services at an amount that is equal as practicable to the appropriation amount set forth in the annual Budget Act. The bill would require, at least once each fiscal year, the state board to adjust the financial assistance service charge to conform with the annual Budget Act.

(3) Existing law generally prohibits the state, or a county, city, district, or other political subdivision, or any public officer or body acting in its official capacity on behalf of any of those entities, from being required to pay any fee for the performance of an official service. Existing law exempts from this provision any fee or charge for official services required pursuant to specified provisions of law relating to water use or water quality, including the fees charged to public water systems under the California Safe Drinking Water Act.

This bill would specifically exempt other provisions relating to water use and water quality, including the Safe Drinking Water State Revolving Fund Law of 1997 and provisions relating to cross-connections of water users, water treatment devices, and operator certification of water treatment plants and water distribution systems.

(4) Existing law, the Porter-Cologne Water Quality Control Act, establishes the State Water Pollution Control Revolving Fund program pursuant to which state and federal funds are continuously appropriated from the State Water Pollution Control Revolving Fund to the state board for permissible purposes authorized by the federal Clean Water Act or a federal capitalization grant deposited into the fund, including loans and other financial assistance for the construction of publicly owned treatment works by a municipality, the implementation of a management program, the development and implementation of a conservation and management plan, and other related purposes in accordance with the federal Clean Water Act and the Porter-Cologne Water Quality Control Act.

This bill would instead require that moneys in the fund be used only for purposes allowed by the federal Clean Water Act or a federal grant, and would delete the specifications of the types of projects and programs eligible for this financial assistance. By allowing moneys in the fund to be used for purposes allowed by a federal grant, thereby expanding the purposes for which moneys in a continuously appropriated revolving fund may be expended, this bill would make an appropriation.

Existing law requires the loans to meet certain criteria, including full amortization not later than 20 years after project completion, unless

otherwise authorized by a federal capitalization grant deposited into the fund. Existing law also authorizes loan forgiveness to the extent it is authorized by a federal capitalization grant deposited into the fund.

The bill would extend the loan amortization requirement to not later than 30 years after project completion unless otherwise authorized by a federal grant deposited in the fund and would authorize loan forgiveness to the extent it is authorized by a federal grant deposited into the fund without regard to whether it is a capitalization grant.

Existing law also authorizes moneys in the fund to be used for payment of the reasonable cost of administering the fund and conducting certain activities relating to the federal Clean Water Act. Existing law prohibits those costs from exceeding 4% of all federal contributions into the fund except, if permitted by federal and state law, interest payments into the fund and other moneys into the fund are authorized to be used to defray additional administrative and activity costs.

The bill would instead prohibit the costs used for administering the fund and conducting the federal Clean Water Act activities from exceeding 4% of all federal contributions in the fund, \$400,000 per year, or $\frac{1}{5}$ of 1% per year of the current valuation of the fund, whichever is greater, plus the amount of fees collected by the state for these purposes, regardless of source.

(5) This bill would make various nonsubstantive changes, including repealing obsolete provisions and updating cross-references.

(6) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 6103.4 of the Government Code is
- 2 amended to read:
- 3 6103.4. Section 6103 does not apply to any fee or charge for
- 4 official services required by any of the following:
- 5 (a) The Environmental Laboratory Accreditation Act (Article
- 6 3 (commencing with Section 100825) of Chapter 4 of Part 1 of
- 7 Division 101 of the Health and Safety Code).

1 (b) Article 3 (commencing with Section 106875) of Chapter 4
2 of Part 1 of Division 104 of the Health and Safety Code.

3 (c) The California Safe Drinking Water Act (Chapter 4
4 (commencing with Section 116270) of Part 12 of Division 104 of
5 the Health and Safety Code).

6 (d) The Safe Drinking Water State Revolving Fund Law of 1997
7 (Chapter 4.5 (commencing with Section 116760) of Part 12 of
8 Division 104 of the Health and Safety Code).

9 (e) Article 2 (commencing with Section 116800) and Article 3
10 (commencing with Section 116825) of Chapter 5 of Part 12 of
11 Division 104 of the Health and Safety Code.

12 (f) Part 5 (commencing with Section 4999) of Division 2 of the
13 Water Code.

14 (g) Division 7 (commencing with Section 13000) of the Water
15 Code.

16 SEC. 2. Section 53082.5 of the Government Code is amended
17 to read:

18 53082.5. Subject to all applicable constitutional restrictions, a
19 county, a city, or a special district that provides, or intends to
20 provide, water or wastewater treatment facilities or services may
21 borrow money and incur indebtedness pursuant to Chapter 4.5
22 (commencing with Section 116760) of Part 12 of Division 104 of
23 the Health and Safety Code or Chapter 6.5 (commencing with
24 Section 13475) of Division 7 of the Water Code.

25 SEC. 3. Section 116270 of the Health and Safety Code is
26 amended to read:

27 116270. The Legislature finds and declares all of the following:

28 (a) Every resident of California has the right to pure and safe
29 drinking water.

30 (b) Feasible and affordable technologies are available and shall
31 be used to remove toxic contaminants from public water supplies.

32 (c) According to the State Department of Health Services, over
33 95 percent of all large public water systems in California are in
34 compliance with health-based action levels established by the
35 department for various contaminants.

36 (d) It is the policy of the state to reduce to the lowest level
37 feasible all concentrations of toxic chemicals that, when present
38 in drinking water, may cause cancer, birth defects, and other
39 chronic diseases.

(e) This chapter is intended to ensure that the water delivered by public water systems of this state shall at all times be pure, wholesome, and potable. This chapter provides the means to accomplish this objective.

(f) It is the intent of the Legislature to improve laws governing drinking water quality, to improve upon the minimum requirements of the federal Safe Drinking Water Act Amendments of 1996, to establish primary drinking water standards that are at least as stringent as those established under the federal Safe Drinking Water Act, and to establish a program under this chapter that is more protective of public health than the minimum federal requirements.

(g) It is the further intent of the Legislature to establish a drinking water regulatory program within the state board to provide for the orderly and efficient delivery of safe drinking water within the state and to give the establishment of drinking water standards and public health goals greater emphasis and visibility within the state.

(h) This act shall be construed to ensure consistency with the requirements for states to obtain and maintain primary enforcement responsibility for public water systems under the federal Safe Drinking Water Act and acts amendatory thereof or supplementary thereto.

SEC. 4. Section 116275 of the Health and Safety Code is amended to read:

116275. As used in this chapter:

(a) "Contaminant" means any physical, chemical, biological, or radiological substance or matter in water.

(b) "Department" means the state board.

(c) "Primary drinking water standards" means:

(1) Maximum levels of contaminants that, in the judgment of the state board, may have an adverse effect on the health of persons.

(2) Specific treatment techniques adopted by the state board in lieu of maximum contaminant levels pursuant to subdivision (j) of Section 116365.

(3) The monitoring and reporting requirements as specified in regulations adopted by the state board that pertain to maximum contaminant levels.

(d) "Secondary drinking water standards" means standards that specify maximum contaminant levels that, in the judgment of the

1 state board, are necessary to protect the public welfare. Secondary
2 drinking water standards may apply to any contaminant in drinking
3 water that may adversely affect the odor or appearance of the water
4 and may cause a substantial number of persons served by the public
5 water system to discontinue its use, or that may otherwise adversely
6 affect the public welfare. Regulations establishing secondary
7 drinking water standards may vary according to geographic and
8 other circumstances and may apply to any contaminant in drinking
9 water that adversely affects the taste, odor, or appearance of the
10 water when the standards are necessary to ensure a supply of pure,
11 wholesome, and potable water.

12 (e) "Human consumption" means the use of water for drinking,
13 bathing or showering, hand washing, oral hygiene, or cooking,
14 including, but not limited to, preparing food and washing dishes.

15 (f) "Maximum contaminant level" means the maximum
16 permissible level of a contaminant in water.

17 (g) "Person" means an individual, corporation, company,
18 association, partnership, limited liability company, municipality,
19 public utility, or other public body or institution.

20 (h) "Public water system" means a system for the provision of
21 water for human consumption through pipes or other constructed
22 conveyances that has 15 or more service connections or regularly
23 serves at least 25 individuals daily at least 60 days out of the year.
24 A public water system includes the following:

25 (1) Any collection, treatment, storage, and distribution facilities
26 under control of the operator of the system that are used primarily
27 in connection with the system.

28 (2) Any collection or pretreatment storage facilities not under
29 the control of the operator that are used primarily in connection
30 with the system.

31 (3) Any water system that treats water on behalf of one or more
32 public water systems for the purpose of rendering it safe for human
33 consumption.

34 (i) "Community water system" means a public water system
35 that serves at least 15 service connections used by ~~yearlong~~
36 *year-long* residents or regularly serves at least 25 ~~yearlong~~
37 *year-long* residents of the area served by the system.

38 (j) "Noncommunity water system" means a public water system
39 that is not a community water system.

1 (k) “Nontransient noncommunity water system” means a public
2 water system that is not a community water system and that
3 regularly serves at least 25 of the same persons over six months
4 per year.

5 (l) “Local health officer” means a local health officer appointed
6 pursuant to Section 101000 or a local comprehensive health agency
7 designated by the board of supervisors pursuant to Section 101275
8 to carry out the drinking water program.

9 (m) “Significant rise in the bacterial count of water” means a
10 rise in the bacterial count of water that the state board determines,
11 by regulation, represents an immediate danger to the health of
12 water users.

13 (n) “State small water system” means a system for the provision
14 of piped water to the public for human consumption that serves at
15 least five, but not more than 14, service connections and does not
16 regularly serve drinking water to more than an average of 25
17 individuals daily for more than 60 days out of the year.

18 (o) “Transient noncommunity water system” means a
19 noncommunity water system that does not regularly serve at least
20 25 of the same persons over six months per year.

21 (p) “User” means a person using water for domestic purposes.
22 User does not include a person processing, selling, or serving water
23 or operating a public water system.

24 (q) “Waterworks standards” means regulations adopted by the
25 state board entitled “California Waterworks Standards” (Chapter
26 16 (commencing with Section 64551) of Division 4 of Title 22 of
27 the California Code of Regulations).

28 (r) “Local primacy agency” means a local health officer that
29 has applied for and received primacy delegation pursuant to Section
30 116330.

31 (s) “Service connection” means the point of connection between
32 the customer’s piping or constructed conveyance, and the water
33 system’s meter, service pipe, or constructed conveyance. A
34 connection to a system that delivers water by a constructed
35 conveyance other than a pipe shall not be considered a connection
36 in determining if the system is a public water system if any of the
37 following apply:

38 (1) The water is used exclusively for purposes other than
39 residential uses, consisting of drinking, bathing, and cooking, or
40 other similar uses.

1 (2) The state board determines that alternative water to achieve
2 the equivalent level of public health protection provided by the
3 applicable primary drinking water regulation is provided for
4 residential or similar uses for drinking and cooking.

5 (3) The state board determines that the water provided for
6 residential or similar uses for drinking, cooking, and bathing is
7 centrally treated or treated at the point of entry by the provider, a
8 passthrough entity, or the user to achieve the equivalent level of
9 protection provided by the applicable primary drinking water
10 regulations.

11 (t) “Resident” means a person who physically occupies, whether
12 by ownership, rental, lease, or other means, the same dwelling for
13 at least 60 days of the year.

14 (u) “Water treatment operator” means a person who has met
15 the requirements for a specific water treatment operator grade
16 pursuant to Section 106875.

17 (v) “Water treatment operator-in-training” means a person who
18 has applied for and passed the written examination given by the
19 state board but does not yet meet the experience requirements for
20 a specific water treatment operator grade pursuant to Section
21 106875.

22 (w) “Water distribution operator” means a person who has met
23 the requirements for a specific water distribution operator grade
24 pursuant to Section 106875.

25 (x) “Water treatment plant” means a group or assemblage of
26 structures, equipment, and processes that treats, blends, or
27 conditions the water supply of a public water system for the
28 purpose of meeting primary drinking water standards.

29 (y) “Water distribution system” means any combination of pipes,
30 tanks, pumps, and other physical features that deliver water from
31 the source or water treatment plant to the consumer.

32 (z) “Public health goal” means a goal established by the Office
33 of Environmental Health Hazard Assessment pursuant to
34 subdivision (c) of Section 116365.

35 (aa) “Small community water system” means a community
36 water system that serves no more than 3,300 service connections
37 or a ~~year-long~~ year-long population of no more than 10,000 persons.

38 (ab) “Disadvantaged community” means the entire service area
39 of a community water system, or a community therein, in which

1 the median household income is less than 80 percent of the
2 statewide average.

3 (ac) “State board” means the State Water Resources Control
4 Board.

5 (ad) “Deputy director” means the deputy director appointed by
6 the state board pursuant to subdivision (k) of Section 116271.

7 SEC. 5. Section 116293 of the Health and Safety Code is
8 repealed.

9 SEC. 6. Section 116365.03 is added to the Health and Safety
10 Code, to read:

11 116365.03. The state board may adopt as an emergency
12 regulation, a regulation, except a regulation subject to the
13 requirements of Section 116365, that meets, but does not exceed,
14 the requirements of a regulation promulgated pursuant to the
15 federal Safe Drinking Water Act (42 U.S.C. Sec. 300f et seq.).
16 The adoption of a regulation pursuant to this section is an
17 emergency and shall be considered by the Office of Administrative
18 Law as necessary for the immediate preservation of the public
19 peace, health, safety, and general welfare. Notwithstanding Chapter
20 3.5 (commencing with Section 11340) of Part 1 of Division 3 of
21 Title 2 of the Government Code, an emergency regulation adopted
22 by the state board pursuant to this section is not subject to review
23 by the Office of Administrative Law and shall remain in effect
24 until revised by the state board.

25 SEC. 7. Section 116365.5 of the Health and Safety Code is
26 repealed.

27 SEC. 8. Section 116379 of the Health and Safety Code is
28 repealed.

29 SEC. 9. Section 116380 of the Health and Safety Code is
30 amended to read:

31 116380. (a) In addition to the requirements set forth in Section
32 116375, the regulations adopted by the state board pursuant to
33 Section 116375 may include requirements governing the use of
34 point-of-entry and point-of-use treatment by public water systems
35 with less than 200 service connections in lieu of centralized
36 treatment where it can be demonstrated that centralized treatment
37 is not immediately economically feasible.

38 (b) The regulations shall comply with Section 116552 and the
39 requirements set forth in subdivision (a), but shall not be subject
40 to the rulemaking provisions of the Administrative Procedure Act

1 (Chapter 3.5 (commencing with Section 11340) of Part 1 of
2 Division 3 of Title 2 of the Government Code). The regulations
3 shall take effect when filed with the Secretary of State, and shall
4 be published in the California Code of Regulations.

5 SEC. 10. Section 116551 of the Health and Safety Code is
6 amended to read:

7 116551. The state board shall not issue a permit to a public
8 water system or amend a valid existing permit for the use of a
9 reservoir as a source of supply that is directly augmented with
10 recycled water, as defined in subdivision (n) of Section 13050 of
11 the Water Code, unless the state board does all of the following:

12 (a) Performs an engineering evaluation that evaluates the
13 proposed treatment technology and finds that the proposed
14 technology will ensure that the recycled water meets all applicable
15 primary and secondary drinking water standards and poses no
16 significant threat to public health.

17 (b) Holds at least three duly noticed public hearings in the area
18 where the recycled water is proposed to be used or supplied for
19 human consumption to receive public testimony on that proposed
20 use. The state board shall make available to the public, not less
21 than 10 days prior to the date of the first hearing held pursuant to
22 this subdivision, the evaluations and findings made pursuant to
23 subdivision (a).

24 SEC. 11. Section 116552 of the Health and Safety Code is
25 amended to read:

26 116552. The state board shall not issue a permit to a public
27 water system or amend a valid existing permit to allow the use of
28 point-of-use or point-of-entry treatment unless the state board
29 determines, after conducting a public hearing in the community
30 served by the public water system, that there is no substantial
31 community opposition to the installation of the treatment devices.

32 SEC. 12. Section 116655 of the Health and Safety Code is
33 amended to read:

34 116655. (a) Whenever the state board determines that any
35 person has violated or is violating this chapter, or any order, permit,
36 regulation, or standard issued or adopted pursuant to this chapter,
37 the state board may issue an order doing any of the following:

- 38 (1) Directing compliance forthwith.
39 (2) Directing compliance in accordance with a time schedule
40 set by the state board.

1 (3) Directing that appropriate preventive action be taken in the
2 case of a threatened violation.

3 (b) An order issued pursuant to this section may include, but
4 shall not be limited to, any or all of the following requirements:

5 (1) That the existing plant, works, or system be repaired, altered,
6 or added to.

7 (2) That purification or treatment works be installed.

8 (3) That the source of the water supply be changed.

9 (4) That no additional service connection be made to the system.

10 (5) That the water supply, the plant, or the system be monitored.

11 (6) That a report on the condition and operation of the plant,
12 works, system, or water supply be submitted to the state board.

13 SEC. 13. Section 116701 is added to the Health and Safety
14 Code, to read:

15 116701. (a) Within 30 days of issuance of an order or decision
16 issued by the deputy director under Article 8 (commencing with
17 Section 116625) or Article 9 (commencing with Section 116650),
18 an aggrieved person may petition the state board for
19 reconsideration. Where the order or decision of the deputy director
20 is issued after a hearing under Chapter 5 (commencing with Section
21 11500) of Part 1 of Division 3 of Title 2 of the Government Code,
22 this section shall apply instead of Section 11521 of the Government
23 Code.

24 (b) The petition shall include the name and address of the
25 petitioner, a copy of the order or decision for which the petitioner
26 seeks reconsideration, identification of the reason the petitioner
27 alleges the issuance of the order was inappropriate or improper,
28 the specific action the petitioner requests, and other information
29 as the state board may prescribe. The petition shall be accompanied
30 by a statement of points and authorities of the legal issues raised
31 by the petition.

32 (c) The evidence before the state board shall consist of the record
33 before the deputy director and any other relevant evidence that, in
34 the judgment of the state board, should be considered to implement
35 the policies of this chapter. The state board may, in its discretion,
36 hold a hearing for receipt of additional evidence.

37 (d) The state board may refuse to reconsider the order or
38 decision if the petition fails to raise substantial issues that are
39 appropriate for review, may deny the petition upon a determination
40 that the issuance of the order or decision was appropriate and

proper, may set aside or modify the order or decision, or take other appropriate action. The state board's action pursuant to this subdivision shall constitute the state board's completion of its reconsideration.

(e) The state board, upon notice and hearing, if a hearing is held, may stay in whole or in part the effect of the order or decision of the deputy director.

(f) If an order of the deputy director is subject to reconsideration under this section, the filing of a petition for reconsideration is an administrative remedy that must be exhausted before filing a petition for writ of mandate under Section 116625 or 116700.

SEC. 14. Section 116735 of the Health and Safety Code is amended to read:

116735. (a) (1) In order to carry out the purposes of this chapter, any duly authorized representative of the state board may, at any reasonable hour of the day, do any of the following:

(A) Enter and inspect any public water system or any place where the public water system records are stored, kept, or maintained.

(B) Inspect and copy any records, reports, test results, or other information required to carry out this chapter.

(C) Set up and maintain monitoring equipment for purposes of assessing compliance with this chapter.

(D) Obtain samples of the water supply.

(E) Photograph any portion of the system, any activity, or any sample taken.

(2) ~~The state board may issue an order to~~ *An owner of a public water system shall provide to the state board reports, test results, and other information required to carry out this chapter within a reasonable period specified in the order of not less than 15 business days: days of receiving a request for those records from a duly authorized representative of the state board.*

(b) The state board shall inspect each public water system as follows:

(1) A system with any surface water source with treatment shall be inspected annually.

(2) A system with any groundwater source subject to treatment with only groundwater sources shall be inspected biennially.

(3) A system with only groundwater sources not subject to treatment shall be inspected every three years.

(c) Nothing in this section shall prohibit the state board from inspecting public water systems on a more frequent basis. An opportunity shall be provided for a representative of the public water system to accompany the representative of the state board during the inspection of the water system.

(d) It shall be a misdemeanor for any person to prevent, interfere with, or attempt to impede in any way any duly authorized representative of the state board from undertaking the activities authorized by paragraph (1) of subdivision (a). A person who violates paragraph (2) of subdivision (a) shall be subject to the provisions of Section 116730, as applicable.

SEC. 15. Section 116751 of the Health and Safety Code is amended to read:

116751. The Department of Fish and Wildlife shall not introduce a poison to a drinking water supply for purposes of fisheries management unless the state board determines that the activity will not have a permanent adverse impact on the quality of the drinking water supply or wells connected to the drinking water supply. In making this determination, the state board shall evaluate the short- and long-term health effects of the poison in drinking water, ensure that an alternative supply of drinking water is provided to the users of the drinking water supply while the activity takes place, and, in cooperation with the Department of Fish and Wildlife, develop and implement a monitoring program to ensure that no detectable residuals of the poison, breakdown products, and other components of the poison formulation remain in the drinking water supply or adjoining wells after the activity is completed.

SEC. 16. Section 116760.20 of the Health and Safety Code is amended to read:

116760.20. Unless the context otherwise requires, the following definitions govern the construction of this chapter:

(a) "Acceptable result" means the project that, when constructed, solves the problem for which the project was placed on the project priority list, ensures the owner and operator of the improved or restructured public water system shall have ~~long-term~~ *long-term* technical, managerial, and financial capacity to operate and maintain the public water system in compliance with state and federal safe drinking water standards, can provide a dependable

1 source of safe drinking water ~~long-term~~, *long-term*, and is both
2 short-term and long-term affordable, as determined by the board.

3 (b) “Administrative fund” means the Safe Drinking Water State
4 Revolving Fund Administration Fund created by Section
5 116761.70.

6 (c) “Board” means the State Water Resources Control Board.

7 (d) “Cost-effective” means achieves an acceptable result at the
8 most reasonable cost.

9 (e) “Disadvantaged community” means a community that meets
10 the definition provided in Section 116275.

11 (f) “Federal Safe Drinking Water Act” or “federal act” means
12 the federal Safe Drinking Water Act (42 U.S.C. Sec. 300f et seq.)
13 and acts amendatory thereof or supplemental thereto.

14 (g) “Fund” means the Safe Drinking Water State Revolving
15 Fund created by Section 116760.30.

16 (h) “Financing” means financial assistance awarded under this
17 chapter, including loans, refinancing, installment sales agreements,
18 purchase of debt, loan guarantees for municipal revolving funds,
19 and grants.

20 (i) “Matching funds” means state money that equals that
21 percentage of federal contributions required by the federal act to
22 be matched with state funds.

23 (j) “Project” means cost-effective facilities for the construction,
24 improvement, or rehabilitation of a public water system. It also
25 may include the planning and design of the facilities, annexation
26 or consolidation of water systems, source water assessments, source
27 water protection, and other activities specified under the federal
28 act.

29 (k) “Public agency” means any city, county, city and county,
30 whether general law or chartered, district, joint powers authority,
31 or other political subdivision of the state, that owns or operates a
32 public water system, or any municipality, as that term is defined
33 in the federal act.

34 (l) “Public water system” or “public water supply system” means
35 a system for the provision to the public of water for human
36 consumption, as defined in Section 116275.

37 (m) “Safe drinking water standards” means those standards
38 established pursuant to Chapter 4 (commencing with Section
39 116270), as they may now or hereafter be amended.

1 (n) “Severely disadvantaged community” means a community
2 with a median household income of less than 60 percent of the
3 statewide average.

4 (o) “Small community water system” has the meaning set forth
5 in Section 116275.

6 (p) “Supplier” means any person, partnership, corporation,
7 association, public agency, or other entity that owns or operates a
8 public water system.

9 SEC. 17. Section 116760.38 is added to the Health and Safety
10 Code, to read:

11 116760.38. Subject to all applicable constitutional restrictions,
12 a city, county, or special district may borrow money and incur
13 indebtedness pursuant to this chapter.

14 SEC. 18. Section 116761.65 of the Health and Safety Code is
15 amended to read:

16 116761.65. (a) The board shall establish, and may periodically
17 adjust, the interest rate for repayable financing made pursuant to
18 this chapter at a rate not to exceed 50 percent of the average interest
19 rate, computed by the true interest cost method, paid by the state
20 on general obligation bonds issued in the prior calendar year,
21 rounded up to the closest one-tenth of 1 percent.

22 (b) Notwithstanding subdivision (a), if the financing is for a
23 public water system that serves a disadvantaged community with
24 a financial hardship as determined by the board or if the financing
25 is for a public water system that provides matching funds, the
26 interest rate shall be 0 percent.

27 SEC. 19. Section 116761.70 of the Health and Safety Code is
28 repealed.

29 SEC. 20. Section 116761.70 is added to the Health and Safety
30 Code, to read:

31 116761.70. (a) The Safe Drinking Water State Revolving Fund
32 Administration Fund is hereby created in the State Treasury.

33 (b) The following moneys shall be deposited into the
34 administration fund:

35 (1) Moneys transferred to pay the costs incurred by the state
36 board in connection with the administration of this chapter.

37 (2) The amounts collected for financial assistance services
38 pursuant to subdivision (c).

39 (3) Notwithstanding Section 16475 of the Government Code,
40 any interest earned upon the moneys in the fund.

1 (c) (1) For financial assistance made pursuant to this chapter,
2 where that financial assistance is to be repaid to the state board,
3 the state board may assess an annual charge for financial assistance
4 services with regard to the financial assistance, not to exceed ~~one~~
5 1 percent of the financial assistance balance, computed according
6 to the true interest cost method.

7 (2) The financial assistance service rate authorized by this
8 subdivision may be applied at any time during the term of the
9 financial assistance, and once applied, shall remain unchanged for
10 the duration of the financial assistance and shall not increase the
11 financial assistance repayment amount, as set forth in the terms
12 and conditions imposed pursuant to this chapter.

13 (d) Upon appropriation by the Legislature, moneys in the
14 administration fund may be expended by the state board for
15 payment of the reasonable costs of administering the fund.

16 (e) The state board shall set the total amount of revenue collected
17 each year through the charge authorized by subdivision (c) at an
18 amount that is equal as practicable to the appropriation amount set
19 forth in the annual Budget Act for this activity. At least once each
20 fiscal year, the state board shall adjust the financial assistance
21 service charge imposed pursuant to subdivision (c) to conform
22 with the appropriation amount set forth in the annual Budget Act.

23 SEC. 21. Section 117125 of the Health and Safety Code is
24 amended to read:

25 117125. Notwithstanding any other law, the Department of
26 Fish and Wildlife may stock with fish any body of water opened
27 to public fishing pursuant to this article.

28 SEC. 22. Section 13176 of the Water Code is amended to read:

29 13176. (a) (1) The analysis of any material required by this
30 division shall be performed by a laboratory that has accreditation
31 or certification pursuant to Article 3 (commencing with Section
32 100825) of Chapter 4 of Part 1 of Division 101 of the Health and
33 Safety Code.

34 (2) This requirement does not apply to field tests, such as tests
35 for color, odor, turbidity, pH, temperature, dissolved oxygen,
36 conductivity, and disinfectant residual.

37 (b) A person or public entity of the state shall not contract with
38 a laboratory for environmental analyses required by paragraph (1)
39 of subdivision (a) unless the laboratory has valid accreditation or
40 certification.

SEC. 23. Section 13177 of the Water Code is amended to read:

13177. (a) It is the intent of the Legislature that the state board continue to implement the California State Mussel Watch Program.

(b) The Legislature finds and declares that the California State Mussel Watch Program provides the following benefits to the people of the state:

(1) An effective method for monitoring the long-term effects of certain toxic substances in selected fresh, estuarine, and marine waters.

(2) An important element in the state board's comprehensive water quality monitoring strategy.

(3) Identification, on an annual basis, of specific areas where concentrations of toxic substances are higher than normal.

(4) Valuable information to guide the state and regional boards and other public and private agencies in efforts to protect water quality.

(c) To the extent funding is appropriated for this purpose, the state board, in conjunction with the Department of Fish and Wildlife, shall continue to implement the long-term coastal monitoring program known as the California State Mussel Watch Program. The program may consist of, but is not limited to, the following elements:

(1) Removal of mussels, clams, and other aquatic organisms from relatively clean coastal sites and placing them in sampling sites. For purposes of this section, "sampling sites" means selected waters of concern to the state board and the Department of Fish and Wildlife.

(2) After specified exposure periods at the sampling sites, removal of the aquatic organisms for analysis.

(3) Laboratory analysis of the removed aquatic organisms to determine the amounts of various toxic substances that may have accumulated in the bodies of the aquatic organisms.

(4) Making available both the short- and long-term results of the laboratory analysis to appropriate public and private agencies and the public.

SEC. 24. Section 13177.5 of the Water Code is amended to read:

13177.5. (a) The state board, in consultation with the Office of Environmental Health Hazard Assessment, shall develop a comprehensive coastal monitoring and assessment program for

1 sport fish and shellfish, to be known as the Coastal Fish
2 Contamination Program. The program shall identify and monitor
3 chemical contamination in coastal fish and shellfish and assess the
4 health risks of consumption of sport fish and shellfish caught by
5 consumers.

6 (b) The state board shall consult with the Department of Fish
7 and Wildlife, the Office of Environmental Health Hazard
8 Assessment, and regional water quality control boards with
9 jurisdiction over territory along the coast, to determine chemicals,
10 sampling locations, and the species to be collected under the
11 program. The program developed by the state board shall include
12 all of the following:

13 (1) Screening studies to identify coastal fishing areas where fish
14 species have the potential for accumulating chemicals that pose
15 significant health risks to human consumers of sport fish and
16 shellfish.

17 (2) The assessment of at least 60 screening study monitoring
18 sites and 120 samples in the first five years of the program and an
19 assessment of additional screening study sites as time and resources
20 permit.

21 (3) Comprehensive monitoring and assessment of fishing areas
22 determined through screening studies to have a potential for
23 significant human health risk and a reassessment of these areas
24 every five years.

25 (c) Based on existing fish contamination data, the state board
26 shall designate a minimum of 40 sites as fixed sampling locations
27 for the ongoing monitoring effort.

28 (d) The state board shall contract with the Office of
29 Environmental Health Hazard Assessment to prepare
30 comprehensive health risk assessments for sport fish and shellfish
31 monitored in the program. The assessments shall be based on the
32 data collected by the program and information on fish consumption
33 and food preparation. The Office of Environmental Health Hazard
34 Assessment, within 18 months of the completion of a
35 comprehensive study for each area by the state board, shall submit
36 to the board a draft health risk assessment report for that area.
37 Those health risk assessments shall be updated following the
38 reassessment of areas by the board.

39 (e) The Office of Environmental Health Hazard Assessment
40 shall issue health advisories when the office determines that

1 consuming certain fish or shellfish presents a significant health
2 risk. The advisories shall contain information for the public, and
3 particularly the population at risk, concerning health risks from
4 the consumption of the fish or shellfish. The office shall notify the
5 appropriate county health officers, the State Department of Public
6 Health, and the Department of Fish and Wildlife before the
7 issuance of a health advisory. The notification shall provide
8 sufficient information for the purpose of posting signage. The
9 office shall urge county health officers to conspicuously post health
10 warnings in areas where contaminated fish or shellfish may be
11 caught including piers, commercial passenger fishing vessels, and
12 shore areas where fishing occurs. The Department of Fish and
13 Wildlife shall publish the office's health warnings in its Sport
14 Fishing Regulations Booklet.

15 SEC. 25. Section 13177.6 of the Water Code is amended to
16 read:

17 13177.6. To the extent funding is appropriated for this purpose,
18 the state board, in consultation with the Department of Fish and
19 Wildlife and Office of Environmental Health Hazard Assessment,
20 shall perform a monitoring study to reassess the geographic
21 boundaries of the commercial fish closure off the Palos Verdes
22 Shelf. The reassessment shall include collection and analysis of
23 white croaker caught on the Palos Verdes Shelf, within three miles
24 south of the Shelf, and within San Pedro Bay. Based on the results
25 of the reassessment, the Department of Fish and Wildlife, with
26 guidance from the Office of the Environmental Health Hazard
27 Assessment, shall redelineate, if necessary, the commercial fish
28 closure area to protect the health of consumers of commercially
29 caught white croaker. The sample collection and analysis shall be
30 conducted within 18 months of the enactment of this section and
31 the reassessment of the health risk shall be conducted within 18
32 months of the completion of the analysis of the samples.

33 SEC. 26. Section 13178 of the Water Code is amended to read:

34 13178. (a) The state board, in conjunction with the State
35 Department of Public Health and a panel of experts established by
36 the state board, shall develop source investigation protocols for
37 use in conducting source investigations of storm drains that produce
38 exceedences of bacteriological standards established pursuant to
39 subdivision (c) of Section 115880 of the Health and Safety Code.
40 The protocols shall be based upon the experiences drawn from

1 previous source investigations performed by the state board,
2 regional boards, or other agencies, and other available data. The
3 protocols shall include methods for identifying the location and
4 biological origins of sources of bacteriological contamination, and,
5 at a minimum, shall require source investigations if bacteriological
6 standards are exceeded in any three weeks of a four-week period,
7 or, for areas where testing is done more than once a week, 75
8 percent of testing days that produce an exceedence of those
9 standards.

10 (b) The development of source investigation protocols pursuant
11 to subdivision (a) is not subject to Chapter 3.5 (commencing with
12 Section 11340) of Part 1 of Division 3 of Title 2 of the Government
13 Code.

14 SEC. 27. Section 13181 of the Water Code is amended to read:

15 13181. (a) (1) On or before December 1, 2007, the California
16 Environmental Protection Agency and the Natural Resources
17 Agency shall enter into a memorandum of understanding for the
18 purposes of establishing the California Water Quality Monitoring
19 Council, which shall be administered by the state board.

20 (2) As used in this section, “monitoring council” means the
21 California Water Quality Monitoring Council established pursuant
22 to this section.

23 (3) The monitoring council may include representatives from
24 state entities and nonstate entities. The representatives from
25 nonstate entities may include, but need not be limited to,
26 representatives from federal and local government, institutions of
27 higher education, the regulated community, citizen monitoring
28 groups, and other interested parties.

29 (4) The monitoring council shall review existing water quality
30 monitoring, assessment, and reporting efforts, and shall recommend
31 specific actions and funding needs necessary to coordinate and
32 enhance those efforts.

33 (5) (A) The recommendations shall be prepared for the ultimate
34 development of a cost-effective, coordinated, integrated, and
35 comprehensive statewide network for collecting and disseminating
36 water quality information and ongoing assessments of the health
37 of the state’s waters and the effectiveness of programs to protect
38 and improve the quality of those waters.

39 (B) For purposes of developing recommendations pursuant to
40 this section, the monitoring council shall initially focus on the

1 water quality monitoring efforts of state agencies, including, but
2 not limited to, the state board, the regional boards, the department,
3 the Department of Fish and Wildlife, the California Coastal
4 Commission, the State Lands Commission, the Department of
5 Parks and Recreation, the Department of Forestry and Fire
6 Protection, and the Department of Pesticide Regulation.

7 (C) In developing the recommendations, the monitoring council
8 shall seek to build upon existing ~~programs~~ *programs*, rather than
9 create new programs.

10 (6) Among other things, the memorandum of understanding
11 shall describe the means by which the monitoring council shall
12 formulate recommendations to accomplish both of the following:

13 (A) Reduce redundancies, inefficiencies, and inadequacies in
14 existing water quality monitoring and data management programs
15 in order to improve the effective delivery of sound, comprehensive
16 water quality information to the public and decisionmakers.

17 (B) Ensure that water quality improvement projects financed
18 by the state provide specific information necessary to track project
19 effectiveness with regard to achieving clean water and healthy
20 ecosystems.

21 (b) The monitoring council shall report, on or before December
22 1, 2008, to the California Environmental Protection Agency and
23 the Natural Resources Agency with regard to its recommendations
24 for maximizing the efficiency and effectiveness of existing water
25 quality data collection and dissemination, and for ensuring that
26 collected data are maintained and available for use by
27 decisionmakers and the public. The monitoring council shall
28 consult with the United States Environmental Protection Agency
29 in preparing these recommendations. The monitoring council's
30 recommendations, and any responses submitted by the California
31 Environmental Protection Agency or the Natural Resources Agency
32 to those recommendations, shall be made available to
33 decisionmakers and the public by means of the Internet.

34 (c) The monitoring council shall undertake and complete, on or
35 before April 1, 2008, a survey of its members to develop an
36 inventory of their existing water quality monitoring and data
37 collection efforts statewide and shall make that information
38 available to the public.

39 (d) All state agencies, including institutions of higher education
40 to the extent permitted by law, that collect water quality data or

1 information shall cooperate with the California Environmental
2 Protection Agency and the Natural Resources Agency in achieving
3 the goals of the monitoring council as described in this section.

4 (e) In accordance with the requirements of the *federal* Clean
5 Water Act (33 U.S.C. Sec. 1251 et seq.) and implementing
6 guidance, the state board shall develop, in coordination with the
7 monitoring council, all of the following:

8 (1) A comprehensive monitoring program strategy that utilizes
9 and expands upon the state's existing statewide, regional, and other
10 monitoring capabilities and describes how the state will develop
11 an integrated monitoring program that will serve all of the state's
12 water quality monitoring needs and address all of the state's waters
13 over time. The strategy shall include a timeline not to exceed 10
14 years to complete implementation. The strategy shall be
15 comprehensive in scope and identify specific technical, integration,
16 and resource needs, and shall recommend solutions for those needs
17 so that the strategy may be implemented within the 10-year
18 timeframe.

19 (2) Agreement, including agreement on a schedule, with regard
20 to the comprehensive monitoring of statewide water quality
21 protection indicators that provide a basic minimum understanding
22 of the health of the state's waters. Indicators already developed
23 pursuant to environmental protection indicators for statewide
24 initiatives shall be given high priority as core indicators for
25 purposes of the network described in subdivision (a).

26 (3) Quality management plans and quality assurance plans that
27 ensure the validity and utility of the data collected.

28 (4) Methodology for compiling, analyzing, and integrating
29 readily available information, to the maximum extent feasible,
30 including, but not limited to, data acquired from discharge reports,
31 volunteer monitoring groups, local, state, and federal agencies,
32 and recipients of state-funded or federally funded water quality
33 improvement or restoration projects.

34 (5) An accessible and user-friendly electronic data system with
35 timely data entry and ready public access via the Internet. To the
36 maximum extent possible, the geographic location of the areas
37 monitored shall be included in the data system.

38 (6) Production of timely and complete water quality reports and
39 lists that are required under Sections 303(d), 305(b), 314, and 319
40 of the *federal* Clean Water Act and Section 406 of the *federal*

1 Beaches Environmental Assessment and Coastal Health Act of
2 2000, that include all available information from discharge reports,
3 volunteer monitoring groups, and local, state, and federal agencies.

4 (7) An update of the state board's surface water ambient
5 monitoring program needs assessment in light of the benefits of
6 increased coordination and integration of information from other
7 agencies and information sources. This update shall include
8 identification of current and future resource needs required to fully
9 implement the coordinated, comprehensive monitoring network,
10 including, but not limited to, funding, staff, training, laboratory
11 and other resources, and projected improvements in the network.

12 (f) The state board shall identify the full costs of implementation
13 of the comprehensive monitoring program strategy developed
14 pursuant to subdivision (e), and shall identify proposed sources of
15 funding for the implementation of the strategy, including federal
16 funds that may be expended for this purpose. Fees collected
17 pursuant to paragraph (1) of subdivision (d) of Section 13260 may
18 be used as a funding source for implementation of the strategy to
19 the extent that the funding is consistent with subparagraph (B) of
20 paragraph (1) of subdivision (d) of Section 13260.

21 (g) Data, summary information, and reports prepared pursuant
22 to this section shall be made available to appropriate public
23 agencies and the public by means of the Internet.

24 (h) (1) Commencing December 1, 2008, the Secretary of the
25 California Environmental Protection Agency shall conduct a
26 triennial audit of the effectiveness of the monitoring program
27 strategy developed pursuant to subdivision (e). The audit shall
28 include, but need not be limited to, an assessment of the following
29 matters:

30 (A) The extent to which the strategy has been implemented.

31 (B) The effectiveness of the monitoring and assessment program
32 and the monitoring council with regard to both of the following:

33 (i) Tracking improvements in water quality.

34 (ii) Evaluating the overall effectiveness of programs
35 administered by the state board or a regional board and of state
36 and federally funded water quality improvement projects.

37 (2) The Secretary of the California Environmental Protection
38 Agency shall consult with the Secretary of the Natural Resources
39 Agency in preparing the audit, consistent with the memorandum
40 of understanding entered into pursuant to subdivision (a).

1 (i) The state board shall prioritize the use of federal funding
2 that may be applied to monitoring, including, but not limited to,
3 funding under Section 106 of the Federal Water Pollution Control
4 Act, for the purpose of implementing this section.

5 (j) The state board shall not use more than 5 percent of the funds
6 made available to implement this section for the administrative
7 costs of any contracts entered into for the purpose of implementing
8 this section.

9 SEC. 28. Section 13275 of the Water Code is amended to read:

10 13275. (a) Notwithstanding any other law, a public water
11 system regulated by the state board pursuant to Chapter 4
12 (commencing with Section 116270) of Part 12 of Division 104 of
13 the Health and Safety Code shall have the same legal rights and
14 remedies against a responsible party, when the water supply used
15 by that public water system is contaminated, as those of a private
16 land owner whose groundwater has been contaminated.

17 (b) For purposes of this section, “responsible party” has the
18 same meaning as defined in Section 25323.5 of the Health and
19 Safety Code.

20 SEC. 29. Section 13285 of the Water Code is amended to read:

21 13285. (a) A discharge from a storage tank, pipeline, or other
22 container of methyl tertiary-butyl ether (MTBE), or of any pollutant
23 that contains MTBE, that poses a threat to drinking water, or to
24 groundwater or surface water that may reasonably be used for
25 drinking water, or to coastal waters shall be cleaned up to a level
26 consistent with subdivisions (a) and (b) of Section 25296.10 of
27 the Health and Safety Code.

28 (b) (1) A public water system, or its customers, shall not be
29 responsible for remediation or treatment costs associated with
30 MTBE, or a product that contains MTBE. However, the public
31 water system may, as necessary, incur MTBE remediation and
32 treatment costs and include those costs in its customer rates and
33 charges that are necessary to comply with drinking water standards
34 or directives of the state board or other lawful authority. A public
35 water system that incurs MTBE remediation or treatment costs
36 may seek recovery of those costs from parties responsible for the
37 MTBE contamination, or from other available alternative sources
38 of funds.

39 (2) If the public water system has included the costs of MTBE
40 treatment and remediation in its customer rates and charges, and

1 subsequently recovers all, or a portion of, its MTBE treatment and
2 remediation costs from responsible parties or other available
3 alternative sources of funds, it shall make an adjustment to its
4 schedule of rates and charges to reflect the amount of funding
5 received from responsible parties or other available alternative
6 sources of funds for MTBE treatment or remediation.

7 (3) Paragraph (1) does not prevent the imposition of liability
8 on any person for the discharge of MTBE if that liability is due to
9 the conduct or status of that person independently of whether the
10 person happens to be a customer of the public water system.

11 SEC. 30. Section 13304.1 of the Water Code is amended to
12 read:

13 13304.1. (a) A groundwater cleanup system that commences
14 operation on or after January 1, 2002, and that is required to obtain
15 a discharge permit from the regional board pursuant to the regional
16 board's jurisdiction, and that discharges treated groundwater to
17 surface water or groundwater, shall treat the groundwater to
18 standards approved by the regional board, consistent with this
19 division and taking into account the beneficial uses of the receiving
20 water and the location of the discharge and the method by which
21 the discharge takes place.

22 (b) In making its determination of the applicable water quality
23 standards to be achieved by the operator of a groundwater cleanup
24 system that commences operation on or after January 1, 2002, that
25 draws groundwater from an aquifer that is currently being used,
26 or has been used at any time since 1979 as a source of drinking
27 water supply by the owner or operator of a public water system,
28 and that discharges treated groundwater to surface water or
29 groundwater from which a public water system draws drinking
30 water, the regional board shall consult with the affected
31 groundwater management entity, if any, affected public water
32 systems, and the state board to ensure that the discharge, spreading,
33 or injection of the treated groundwater will not adversely affect
34 the beneficial uses of any groundwater basin or surface water body
35 that is or may be used by a public water system for the provision
36 of drinking water.

37 SEC. 31. Section 13331.2 of the Water Code is repealed.

38 SEC. 32. Section 13392 of the Water Code is amended to read:

39 13392. The state board and the regional boards, in consultation
40 with the State Department of Public Health and the Department

1 of Fish and Wildlife, shall develop and maintain a comprehensive
2 program to (1) identify and characterize toxic hot spots, as defined
3 in Section 13391.5, (2) plan for the cleanup or other appropriate
4 remedial or mitigating actions at the sites, and (3) amend water
5 quality control plans and policies to incorporate strategies to
6 prevent the creation of new toxic hot spots and the further pollution
7 of existing hot spots. As part of this program, the state board and
8 regional boards shall, to the extent feasible, identify specific
9 discharges or waste management practices that contribute to the
10 creation of toxic hot spots, and shall develop appropriate prevention
11 strategies, including, but not limited to, adoption of more stringent
12 waste discharge requirements, onshore remedial actions, adoption
13 of regulations to control source pollutants, and development of
14 new programs to reduce urban and agricultural runoff.

15 SEC. 33. Section 13392.5 of the Water Code is amended to
16 read:

17 13392.5. (a) Each regional board that has regulatory authority
18 for one or more enclosed bays or estuaries shall, on or before
19 January 30, 1994, develop for each enclosed bay or estuary, a
20 consolidated database that identifies and describes all known and
21 potential toxic hot spots. Each regional board shall, in consultation
22 with the state board, also develop an ongoing monitoring and
23 surveillance program that includes, but is not limited to, the
24 following components:

25 (1) Establishment of a monitoring and surveillance task force
26 that includes representation from agencies, including, but not
27 limited to, the State Department of Public Health and the
28 Department of Fish and Wildlife, that routinely monitor water
29 quality, sediment, and aquatic life.

30 (2) Suggested guidelines to promote standardized analytical
31 methodologies and consistency in data reporting.

32 (3) Identification of additional monitoring and analyses that are
33 needed to develop a complete toxic hot spot assessment for each
34 enclosed bay and estuary.

35 (b) Each regional board shall make available to state and local
36 agencies and the public all information contained in the
37 consolidated database, as well as the results of new monitoring
38 and surveillance data.

39 SEC. 34. Section 13393.5 of the Water Code is amended to
40 read:

1 13393.5. On or before January 30, 1994, the state board, in
2 consultation with the State Department of Public Health and the
3 Department of Fish and Wildlife, shall adopt general criteria for
4 the assessment and priority ranking of toxic hot spots. The criteria
5 shall take into account the pertinent factors relating to public health
6 and environmental quality, including, but not limited to, potential
7 hazards to public health, toxic hazards to fish, shellfish, and
8 wildlife, and the extent to which the deferral of a remedial action
9 will result, or is likely to result, in a significant increase in
10 environmental damage, health risks, or cleanup costs.

11 SEC. 35. Section 13400 of the Water Code is amended to read:

12 13400. As used in this chapter, unless otherwise apparent from
13 the context:

14 (a) "Facilities" means any of the following:

15 (1) Facilities for the collection, treatment, or export of waste
16 when necessary to prevent water pollution.

17 (2) Facilities to recycle wastewater and to convey recycled
18 water.

19 (3) Facilities or devices to conserve water.

20 (4) Any combination of the facilities described in paragraph
21 (1), (2), or (3).

22 (b) "Fund" means the State Water Quality Control Fund.

23 (c) "Not-for-profit organization" means an organization operated
24 on a not-for-profit basis, including, but not limited to, an
25 association, cooperative, or private corporation that is a public
26 water system, as defined in Section 116275 of the Health and
27 Safety Code, that meets technical, managerial, and financial
28 capacity criteria specified by the state board for public water
29 systems, or that is subject to regulatory authority pursuant to this
30 division. "Not-for-profit organization" includes only an organization
31 that is either controlled by a local public body or bodies or has a
32 broadly based ownership by, or membership of, people of the local
33 community.

34 (d) "Public agency" means any city, county, city and county,
35 district, or other political subdivision of the state.

36 SEC. 36. Section 13426 of the Water Code is amended to read:

37 13426. The state board, subject to approval by the Director of
38 Finance, may agree to provide a guarantee pursuant to this article
39 for all or a specified part of the proposed local agency bond issue
40 upon making all of the following determinations:

1 (a) The facilities proposed by an applicant are necessary to the
2 health or welfare of the inhabitants of the state and are consistent
3 with water quality control plans adopted by regional boards.

4 (b) The proposed facilities meet the needs of the applicant.

5 (c) The proposed bond issue and plan repayment are sound and
6 feasible.

7 (d) In the case of facilities proposed under paragraph (2) of
8 subdivision (a) of Section 13400, the facilities will produce
9 recycled water and the applicant has adopted a feasible program
10 for the use of the facilities. The state board may adopt criteria for
11 ranking and setting priorities among applicants for those
12 guarantees.

13 SEC. 37. Section 13476 of the Water Code is amended to read:

14 13476. Unless the context otherwise requires, the following
15 definitions govern the construction of this chapter:

16 (a) "Administration fund" means the State Water Pollution
17 Control Revolving Fund Administration Fund.

18 (b) "Board" means the State Water Resources Control Board.

19 (c) "Federal Clean Water Act" or "federal act" means the Clean
20 Water Act (33 U.S.C. Sec. 1251 et seq.) and acts amendatory
21 thereof or supplemental thereto.

22 (d) (1) "Financial assistance" means assistance authorized under
23 Section 13480. Financial assistance includes loans, refinancing,
24 installment sales agreements, purchase of debt, and loan guarantees
25 for municipal revolving funds, but excludes grants.

26 (2) Notwithstanding paragraph (1), financial assistance may
27 include grants or other assistance directed by a federal grant
28 deposited in the fund to the extent authorized and funded by that
29 grant.

30 (e) "Fund" means the State Water Pollution Control Revolving
31 Fund.

32 (f) "Grant fund" means the State Water Pollution Control
33 Revolving Fund Small Community Grant Fund.

34 (g) "Matching funds" means money that equals that percentage
35 of federal contributions required by the federal act to be matched
36 with state funds.

37 (h) "Municipality" has the same meaning and construction as
38 in the federal act and also includes all state, interstate, and
39 intermunicipal agencies.

40 (i) "Publicly owned" means owned by a municipality.

1 (j) “Severely disadvantaged community” means a community
2 with a median household income of less than 60 percent of the
3 statewide median household income.

4 SEC. 38. Section 13477.6 of the Water Code is amended to
5 read:

6 13477.6. (a) The State Water Pollution Control Revolving
7 Fund Small Community Grant Fund is hereby created in the State
8 Treasury.

9 (b) The following moneys shall be deposited in the grant fund:

10 (1) Moneys transferred to the grant fund pursuant to subdivision

11 (c).

12 (2) Notwithstanding Section 16475 of the Government Code,
13 any interest earned upon the moneys deposited in the grant fund.

14 (c) (1) For any financing made pursuant to Section 13480, the
15 board may assess an annual charge to be deposited in the grant
16 fund in lieu of interest that would otherwise be charged.

17 (2) The charge authorized by this subdivision may be applied
18 at any time during the term of the financing, and once applied,
19 shall remain unchanged unless the board determines that the
20 application of the charge is any of the following:

21 (A) No longer consistent with federal requirements regarding
22 the fund.

23 (B) No longer necessary.

24 (C) Negatively affecting the board’s ability to fund projects that
25 ~~supports~~ *support* its water quality goals.

26 (3) The charge shall not increase the financing repayment
27 amount as set forth in the terms and conditions imposed pursuant
28 to this chapter.

29 (4) If the board ceases collecting the charge before the financing
30 repayment is complete, the board shall replace the charge with an
31 identical interest rate.

32 (d) (1) Moneys in the grant fund, upon appropriation by the
33 Legislature to the board, may be expended, in accordance with
34 this chapter, for grants for projects described in Section 13480 that
35 serve small communities as defined in subdivision (a) of Section
36 30925 of the Public Resources Code. The board shall expend
37 moneys appropriated from the grant fund within a period of four
38 years from the date of encumbrance.

39 (2) For the purpose of approving grants, the board shall give
40 priority to projects that serve severely disadvantaged communities.

1 SEC. 39. Section 13480 of the Water Code is amended to read:

2 13480. (a) Moneys in the fund shall be used only for the
3 permissible purposes allowed by the federal act or a federal grant
4 deposited in the fund to the extent authorized and funded by that
5 grant.

6 (b) Consistent with expenditure for authorized purposes, moneys
7 in the fund may be used for the following purposes:

8 (1) Loans that meet all of the following requirements:

9 (A) Are made at or below market interest rates.

10 (B) Require annual payments of principal and any interest, with
11 repayment commencing not later than one year after completion
12 of the project for which the loan is made and full amortization not
13 later than 30 years after project completion unless otherwise
14 authorized by a federal grant deposited in the fund to the extent
15 authorized and funded by that grant. Loan forgiveness is
16 permissible to the extent authorized by a federal grant deposited
17 in the fund to the extent authorized and funded by that grant.

18 (C) Require the loan recipient to establish an acceptable
19 dedicated source of revenue for repayment of a loan.

20 (D) (i) Contain other terms and conditions required by the board
21 or the federal act or applicable rules, regulations, guidelines, and
22 policies. To the extent permitted by federal law, the combined
23 interest and loan service rate shall be set at a rate that does not
24 exceed 50 percent of the interest rate paid by the state on the most
25 recent sale of state general obligation bonds and the combined
26 interest and loan service rate shall be computed according to the
27 true interest cost method. If the combined interest and loan service
28 rate so determined is not a multiple of one-tenth of 1 percent, the
29 combined interest and loan service rate shall be set at the multiple
30 of one-tenth of 1 percent next above the combined interest and
31 loan service rate so determined. A loan from the fund used to
32 finance costs of facilities planning, or the preparation of plans,
33 specifications, or estimates for construction of publicly owned
34 treatment works shall comply with Section 603(e) of the federal
35 act (33 U.S.C. Sec. 1383(e)).

36 (ii) Notwithstanding clause (i), if the loan applicant is a
37 municipality, an applicant for a loan for the implementation of a
38 management program pursuant to Section 319 of the federal Clean
39 Water Act (33 U.S.C. Sec. 1329), or an applicant for a loan for
40 nonpoint source or estuary enhancement pursuant to Section 320

1 of the federal Clean Water Act (33 U.S.C. Sec. 1330), and the
2 applicant provides matching funds, the combined interest and loan
3 service rate on the loan shall be 0 percent. A loan recipient that
4 returns to the fund an amount of money equal to 20 percent of the
5 remaining unpaid federal balance of an existing loan shall have
6 the remaining unpaid loan balance refinanced at a combined interest
7 and loan service rate of 0 percent over the time remaining in the
8 original loan contract.

9 (2) To buy or refinance the debt obligations of municipalities
10 within the state at or below market rates if those debt obligations
11 were incurred after March 7, 1985.

12 (3) To guarantee, or purchase insurance for, local obligations
13 where that action would improve credit market access or reduce
14 interest rates.

15 (4) As a source of revenue or security for the payment of
16 principal and interest on revenue or general obligation bonds issued
17 by the state, if the proceeds of the sale of those bonds will be
18 deposited in the fund.

19 (5) To establish loan guarantees for similar revolving funds
20 established by municipalities.

21 (6) To earn interest.

22 (7) For payment of the reasonable costs of administering the
23 fund and conducting activities under Title VI (commencing with
24 Section 601) of the federal act (33 U.S.C. Sec. 1381 et seq.). Those
25 costs shall not exceed 4 percent of all federal contributions to the
26 fund, four hundred thousand dollars (\$400,000) per year, or
27 one-fifth of 1 percent per year of the current valuation of the fund,
28 whichever amount is greatest, plus the amount of any fees collected
29 by the state for this purpose regardless of the source.

30 (8) For financial assistance toward the nonfederal share of the
31 costs of grant-funded treatment works projects to the extent
32 permitted by the federal act.

33 (9) Grants, principal forgiveness, negative interest rates, and
34 any other type of, or variation on the above types of, assistance
35 authorized by a federal grant deposited in the fund to the extent
36 authorized and funded by that grant.

37 SEC. 40. Section 79702 of the Water Code is amended to read:

38 79702. Unless the context otherwise requires, the definitions
39 set forth in this section govern the construction of this division, as
40 follows:

1 (a) “Acquisition” means obtaining a fee interest or any other
2 interest in real property, including easements, leases, water, water
3 rights, or interest in water obtained for the purposes of instream
4 flows and development rights.

5 (b) “CALFED Bay-Delta Program” means the program
6 described in the Record of Decision dated August 28, 2000.

7 (c) “Commission” means the California Water Commission.

8 (d) “Committee” means the Water Quality, Supply, and
9 Infrastructure Improvement Finance Committee created by Section
10 79787.

11 (e) “Delta” means the Sacramento-San Joaquin Delta, as defined
12 in Section 85058.

13 (f) “Delta conveyance facilities” means facilities that convey
14 water directly from the Sacramento River to the State Water Project
15 or the federal Central Valley Project pumping facilities in the south
16 Delta.

17 (g) “Delta counties” means the Counties of Contra Costa,
18 Sacramento, San Joaquin, Solano, and Yolo.

19 (h) “Delta plan” has the meaning set forth in Section 85059.

20 (i) “Director” means the Director of Water Resources.

21 (j) “Disadvantaged community” has the meaning set forth in
22 subdivision (a) of Section 79505.5, as it may be amended.

23 (k) “Economically distressed area” means a municipality with
24 a population of 20,000 persons or less, a rural county, or a
25 reasonably isolated and divisible segment of a larger municipality
26 where the segment of the population is 20,000 persons or less,
27 with an annual median household income that is less than 85
28 percent of the statewide median household income, and with one
29 or more of the following conditions as determined by the
30 department:

31 (1) Financial hardship.

32 (2) Unemployment rate at least 2 percent higher than the
33 statewide average.

34 (3) Low population density.

35 (l) “Fund” means the Water Quality, Supply, and Infrastructure
36 Improvement Fund of 2014 created by Section 79715.

37 (m) “Instream flows” means a specific streamflow, measured
38 in cubic feet per second, at a particular location for a defined time,
39 and typically follows seasonal variations.

(n) “Integrated regional water management plan” has the meaning set forth in Part 2.2 (commencing with Section 10530) of Division 6, as that part may be amended.

(o) “Long-term” means for a period of not less than 20 years.

(p) “Nonprofit organization” means an organization qualified to do business in California and qualified under Section 501(c)(3) of Title 26 of the United States Code.

(q) “Proposition 1E” means the Disaster Preparedness and Flood Prevention Bond Act of 2006 (Chapter 1.699 (commencing with Section 5096.800) of Division 5 of the Public Resources Code).

(r) “Proposition 84” means the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Division 43 (commencing with Section 75001) of the Public Resources Code).

(s) “Public agency” means a state agency or department, special district, joint powers authority, city, county, city and county, or other political subdivision of the state.

(t) “Rainwater” has the meaning set forth in subdivision (c) of Section 10573.

(u) “Secretary” means the Secretary of the Natural Resources Agency.

(v) “Severely disadvantaged community” has the meaning set forth in Section 116760.20 of the Health and Safety Code.

(w) “Small community water system” means a community water system that serves no more than 3,300 service connections or a ~~yearlong~~ year-long population of no more than 10,000 persons.

(x) “State board” means the State Water Resources Control Board.

(y) “State General Obligation Bond Law” means the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code).

(z) “State small water system” has the meaning set forth in subdivision (n) of Section 116275 of the Health and Safety Code.

(aa) “Stormwater” has the meaning set forth in subdivision (e) of Section 10573.

(ab) “Water right” means a legal entitlement authorizing water to be diverted from a specified source and put to a beneficial, nonwasteful use.

1 SEC. 41. No reimbursement is required by this act pursuant to
2 Section 6 of Article XIII B of the California Constitution because
3 the only costs that may be incurred by a local agency or school
4 district will be incurred because this act creates a new crime or
5 infraction, eliminates a crime or infraction, or changes the penalty
6 for a crime or infraction, within the meaning of Section 17556 of
7 the Government Code, or changes the definition of a crime within
8 the meaning of Section 6 of Article XIII B of the California
9 Constitution.

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